

WHAT REFORM MEANS FOR SMALL BUSINESSES

Helping Small Business Provide Health Insurance To Their Employees

- Helps small businesses to obtain health insurance. Under the legislation, businesses with up to 100 employees will be able to join the health insurance exchange, benefitting from group rates and a greater choice of insurers. There are 18,600 small businesses in the district that will be able to join the health insurance exchange.
- Small businesses with 25 employees or less and average wages of less than \$40,000 will qualify for tax credits of up to 50% of the costs of providing health insurance. There are up to 15,500 small businesses in the district that could qualify for credits.
- Provides small business with up to 100 employees access to state-based Small Business Health Options Program (SHOP) Exchanges. These Exchanges would include web portals that provide standardized, easy-to-understand information that make comparing and purchasing health care coverage easier for small business employees, and reduce the administrative hassle that small businesses currently face in offering plans.
- Allows small businesses growing beyond the upper employee limit in the SHOP Exchange to continue to purchase health insurance through the Exchange.
- Provides states flexibility to allow businesses with more than 100 employees to purchase coverage in the SHOP Exchange, beginning in 2017.
- Streamlines health plans to keep premiums lower by instituting a premium rate review process and setting standards for how much insurance companies can spend on administrative costs.
- Provides tax credit to small employers with fewer than 25 full time equivalent employees and average annual wages of less than \$50,000 that purchase health insurance for employees. The maximum credit will be available to employers with 10 or fewer full time equivalent employees and average annual wages of less than \$25,000. To be eligible for a tax credit, the employer must contribute at least 50 percent of the total premium cost.
- For 2010 through 2013, eligible employers will receive a small business credit for up to 35 percent of their contribution toward the employee's health insurance premium. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 25 percent of their contribution.
- In 2014 and later, eligible employers who purchase coverage through the Exchange can receive a tax credit for two years of up to 50 percent of their contribution. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 35 percent of their contribution.
- An estimated 4 million small businesses nationwide could qualify for the tax credit, which will provide a total \$40 billion in relief for small firms over the next 10 years. Moreover, millions of workers at small firms and their families would be eligible for their own tax credits to purchase coverage through the new health insurance Exchanges if their firms do not offer coverage.
- Provides Immediate Information to Small Businesses on Affordable Health Care Options by establishing an Internet portal with information about affordable and comprehensive coverage options. The web portal will also provide information to small businesses about available health coverage options, including information on reinsurance for early retirees, small business tax credits, and other information specifically for small businesses regarding affordable health care options.

- Simplifies administration by accelerating the adoption of uniform standards and operating rules for the administration of health insurance plan transactions, saving time, clerical burdens, overhead costs for doctors, patients, health plans, and businesses alike.

Security and Stability that Promotes Entrepreneurship

- Ends the discriminatory insurance industry practices of jacking up premiums by up to 200 percent because an employee got sick or older, or because the business hired a woman.
 - Reduces "job lock" - the fear of switching jobs or starting a small business due to concerns over losing health coverage - by guaranteeing access to coverage for all Americans. This will encourage more people to launch their own small businesses, or join existing small employers.
- Ensures Employer Responsibility Exempts Small Firms

- Exempts all firms that have fewer than 50 employees - 96 percent of all firms in the United States or 5.8 million out of 6 million total firms - from any employer responsibility requirements. These 5.8 million firms employ almost 34 million workers.
- Improves the transition into the employer responsibility policy by subtracting the first 30 employees from the employer responsibility policy.

Ensures Small Business Administration Resource Partners Are Eligible for Awareness Grants

- Ensures small businesses are aware of the insurance options available to them by making Small Business Development Centers and all Small Business Administration partners eligible for awareness grants, including Women's Business Centers, SCORE, Minority Business Centers, Veteran Business Centers, and others.

Reviews the Impact of Reform on Small Businesses

- Requires the Government Accountability Office (GAO) to specifically review the impact of Exchanges on access to affordable health care for small businesses to ensure that Exchanges are indeed making a difference for small business owners.

Adheres to Small Business Contracting Regulations

- Clarifies that agencies cannot waive the Federal Acquisition Regulation, which requires them to report small business contracting numbers and meet small business contracting goals of 23 percent.

Clarifies Part-Time Worker Definition

- Defines a full-time employee is an employee who works on average at least 30 hours per week when calculated on a monthly basis, which takes into account fluctuation in employee work hours from week to week in a given month.

Small Business Representation on Workforce Commission

- Establishes a national workforce commission to gather information on the health care workforce and better coordinate and implement workforce planning and analysis, and ensures that small businesses will be represented on the commission.

Increases Access to Workplace Wellness Programs

- Authorizes grants to help small business employees participate in comprehensive workplace wellness programs.

Improved Health Care and Deficit Reduction

- No deficit spending. The cost of health care reform under the legislation is fully paid for: half through eliminating waste, fraud, abuse, and excessive profits for private insurers in Medicare and Medicaid and half through a surcharge on the income of the top 0.3% wealthiest individuals. This surcharge will affect only 380 households in the district. The surcharge will not

affect 99.87% of taxpayers in the district.

- Reduces the deficit. According to the Congressional Budget Office, the bill will cut the deficit by over \$30 billion over the next decade and will continue to create a budget surplus over the next 20 years.

This analysis is based upon the following sources: the U.S. Census (data on insurance rates and small businesses); the Centers for Medicare and Medicaid Services (data on Medicare and Part D enrollment) the Department of Health and Human Services (data on health care-related bankruptcies, uncompensated care, and pre-existing conditions); and the House Committee on Ways and Means (data on the surtax).